

# LEGISLATIVE COMMITTEE MEETING MINUTES

August 16, 2005  
10:00 a.m.

Holiday Inn Koger Center, South

Members Present: John Howell, Chairman  
Linda Cage, Co-Chairman  
Shannon Williams  
Roger Wiley  
David Ogburn

Remote: Southwest Virginia

Staff Present: Mr. Marzolf Marzolf, Coordinator  
Dorothy Spears-Dean, Analyst  
Terry Mayo, Administrative Assistant

## **CALL TO ORDER**

Mr. Howell, Chairman, called the meeting of the Legislative Committee to order at 10:05 AM.

## **INTRODUCTIONS**

Mr. Howell asked the committee members to introduce themselves to the audience. Also, after which, the audience introduced themselves to the committee members.

## **APPROVAL OF THE LAST MEETING MINUTES**

Mr. Howell called for approval of the last meeting's minutes. Ms. Cage made a motion, seconded by Mr. Williams, that the minutes be approved as written; approved 4-0-0 (Mr. Ogburn was not present at this time).

## **DISCUSSION POINTS FROM FIRST MEETING**

Mr. Marzolf presented to the public and committee members the discussion points for this meeting:

- address VoIP and IP by giving the Board authority to address
- protect the fund and balance
- require VoIP to pay an E-911 surcharge
- address PSAP standards and/or best practices
- potentially leverage the Taxation Reform process

## **DISCUSSION OF POSSIBLE SOLUTIONS**

Mr. Marzolf told the audience and committee members that he has included the full text of the Senate Bill 1335 on telecommunications tax reform in their packets today. The focus of this meeting is not so much the language but what the committee wants to accomplish in lay terms. Mr. Marzolf reminded the committee that at the last meeting that there seemed to be agreement that VoIP posed a significant challenge for 9-1-1 and that the committee seemed to support the Board's position to move to the next generation of technology. However, the question still remained whether the Board's role should be expanded to include VoIP and other applications. He commented that this is looking towards the future and not looking towards the past. Mr. Howell asked the committee members to give their thoughts on using the same language from wireless but include VoIP and to also include the ability for the Board to pursue an IP-based network. And if this is to occur, how should it be funded?

Ms. Cage voiced a concern about the 75 cents that is now collected. Expressing concern about how the current and any future VoIP funding would be divided, she pointed out that local wireline funding was decreasing, but other funding was not filling the void. Mr. Marzolf said he does not know if there is an answer the committee could provide to that question. Based on what he knows there are not enough customers in VoIP to make up the difference. Mr. Ogburn said VoIP is most often a replacement for wireline service and maybe should follow the wireline funding model. There was general discussion of other entities working on the VoIP issue including the FCC, SCC and the 9-1-1 professional organizations and whether they were in a position to address the needs of the Commonwealth. Mr. Howell noted that the FCC is not known to generate standards.

There was another general discussion of the telecommunications taxation reform legislation. Ms. Cage informed the committee that her county does not support the tax reform bill. As the discussion on the taxation reform was ended until later in the meeting, Mr. Marzolf reminded everyone that with the reducing wireline revenues for E-911 that something had to be done and if not this taxation reform then what.

Mr. Howell again suggested the board be given the same authority for VoIP as for wireless. VoIP should mirror CMRS with the same language. Mr. Howell also suggested the committee look at aggressively to pursuing an IP based network. Mr. Williams would like for it to include the future but not the existing E-911 system. When asked if that was achievable, Mr. Marzolf commented that he believed the Board could have a role in the definition in the future without taking issue with the past. Mr. Marzolf said that there seemed to be general consensus that the goal is to model the VoIP and the IP network (setting aside money) issues after CMRS. The issue now was how to fund these efforts. If there are funding issues, how does the committee provide that? If taxation reform comes, it will make it easier to deal with. All committee members agreed though that any legislation for the Board should not require the passage of the taxation reform and be independent. Mr. Howell said the committee should do for VoIP as it does for wireless carriers with the authority to pursue an IP based network.

The City of Virginia Beach had the following comments concerning the issues:

- City of Virginia Beach opposed expanding the E911 Service Board as originally written.
- The legislation should be changed to discourage any raid of the E911 funds since the fund has been raided for \$40 million.
- They are opposed to a state E911 data base or network since they will likely be available commercially due to market forces.

- They oppose any state mandated PSAP standards and feel that APCO, etc. already set standards.

Mr. Marzolf responded to the comments by saying that though the amount of funding diverted was less than \$40 million, the larger issue was that there was no way to prevent such diversions to the general fund. The legislation already includes language to prevent diversions, but the General Assembly (and only the General Assembly) can override Code with budget language. The only thing that cannot be overridden is the Virginia Constitution and an amendment to the Constitution is unrealistic. He also started a general discussion regarding whether market forces or commercial enterprise will (or should) drive the development of the next generation E-911 network in Virginia. Additionally, there was discussion about the appropriateness of standards and best practices from professional associations.

On the issue of funding the Board's involvement with VoIP, the general consensus of the committee was that it should be funded by a General Fund appropriation or statewide surcharge that does not impact local funding. Discussing the issue of protecting the funds and the balance, the committee discussed that though there was no way to fully protect the fund, the best way to protect it was to not have a large fund balance. One idea was, taking the approach outlined in the taxation reform, to automatically fund the PSAPs based on the percentage of the overall wireless fund they have received in the past. Currently approximately \$20 million of the \$40 million collected (round numbers) goes to PSAPs or roughly half. A PSAP currently receiving \$50,000 would receive .25% of the wireless fund. Under this approach, this PSAP would continue to receive .25% of funding PSAP funding. Even as the wireless funding grows, this PSAP would continue that percentage of the half of the wireless funding set aside for the PSAPs. The committee was interested in this approach, but Mr. Thomas of Chesterfield asked that the funding to the PSAP remain earmarked for PSAPs or E911.

Mr. Marzolf suggested that the remainder of the wireless funding be administered by the Board as grants to PSAPs and carriers focused on wireless E-911 but based on need. This would remove the existing automatic cost recovery for wireless carriers. Since only one carrier was in attendance, Mr. Marzolf plans to organize a conference call with the wireless carriers to find out if a grant funding alternative would be acceptable.

Discussing the collection of E-911 revenue from VoIP the committee agreed that the VoIP customer should pay for E-911, but debated if it should be the local wireline surcharge or the statewide \$.75 surcharge. The discussion focused on the fact that VoIP is currently a replacement for wireline service and therefore should pay the wireline surcharge rate.

There was a general discussion of the need for PSAP standards. While some commented that the need for standards was already being met by other organizations including DCJS, CALEA, APCO, NENA, etc., others commented that the need was for state level (not national) standards to ensure that all PSAPs maintain at least the minimum level of service. Mr. Williams commented that some PSAPs would not have deployed wireless E-911 had it not been required. Mr. Marzolf pointed out that wireless E-911 was not required, but was encouraged by the availability of funding and that maybe the proposed grant funding could be targeted to encourage best practices issued by the Board.

Finally, the committee discussed how the taxation reform legislation could be improved to support E-911. Mr. Marzolf suggested that one way was that since the proposed changes to the PSAP funding were modeled after the taxation reform that they could easily be rolled into the reform. The committee agreed to explore this possibility asking that the revisions to the

legislation be drafted. Mr. Marzolf asked if there were any other changes to suggest on taxation reform and none were offered.

Mr. Marzolf summarized the committee's direction with the following:

- Recommended language to the Board--Recommend language for VoIP language to mirror CMRS language currently stated.
- VoIP Funding - General fund money should be provided to the Board to address VoIP and the IP-based E-911 network. VoIP customers should pay the local wireline surcharge directly to the PSAP without Board involvement.
- PSAP Standards issue – Mr. Marzolf said there could be something put in the legislation that the Board should publish best practices and support them with incentives of funding.
- Protecting the fund – Restructure the current funding program to provide the funding as a pass through to the PSAPs without needing to make funding requests or true-ups. The distribution would be based on each PSAP's percentage of their current funding to overall wireless funding collected.
- Taxation Reform – The Board would be just another recipient of the fund. This would leverage the taxation reform. Mr. Williams asked if it could be reviewed by the committee on a yearly basis. Mr. Ogburn suggested that Mr. Marzolf talk to Legislative Services about this.

Mr. Wiley noted that the willingness of the committee to look at legislative language to accomplish these options did not imply agreement or support at this point.

### **Meeting Wrap-Up and Direction**

Mr. Howell asked that staff prepare specific legislative language to address the issues summarized above.

The next Legislative Committee meeting will be held in Richmond on September 1, 2005 at the Holiday Inn Select Koger Center, South

### **ADJOURNMENT**

Mr. Howell adjourned the meeting at 12:45 PM.

Respectfully submitted,

\_\_\_\_\_  
Terry D. Mayo  
Administrative Assistant  
Public Safety Communications

Approved by Committee: \_\_\_\_\_  
(date)